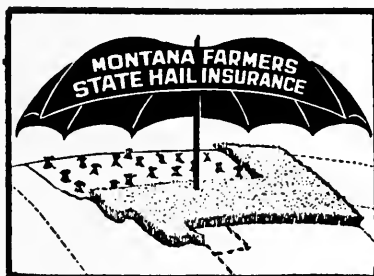


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44TH ANNUAL REPORT
**State Board of Hail
Insurance**
TO MONTANA GRAIN GROWERS



1960 BUSINESS SUMMARY

Total Risk Written	\$8,160,073.66
Premium Charge	\$ 652,107.18
Losses Paid	\$ 452,654.37
Policies Issued	2,844
Loss Claims Filed	515
Total Acres Insured	755,324
Acres Reported Damaged	116,484
Average Acres Insured Per Policy	266
Number of Days with Hail	34
Aver. Cost Per \$1000 of Protection ..\$	79.90
Operating Expense Ratio	5%

25% REFUND ON 1960 PREMIUMS. The hail losses were much more severe than in 1959 but still a little below the average of former years. The Board figured a 25% refund could be made and still leave the total assets at close to \$2,000,000, or about the same as the start of the 1960 hail season.

THE TOTAL ASSETS of \$2,000,000 are considered ample to promptly pay all 1961 losses as severe as have ever occurred in former years.

All grain growers should read this report carefully, especially pages 6 and 7 explaining how to get hail insurance.

Hon. Don Nutter, Gov., and
Members of the 37th Legislative Body,
Capitol Building, Helena, Montana

Preliminary report on the 1960 operations of the State
Hail Department.

1960 was another favorable year for the Department. The losses were under average but the volume of hail insurance was the largest of all years. Because of this it will be some time before we can give you some of the details of the experience. We are working now on a classification which will give us the acres insured of each kind of grain in each county together with the premiums and losses on each crop.

Refunds. Because the total assets of the Hail Insurance Fund are considered ample for the payment of any serious run of hail losses which may occur the Board has decided to pay back 25% of the 1960 premiums to the insured. It may be late in the winter before this refund is made but it will go out as soon as we can arrange it after the bulk of the 1960 premiums have been sent in by the county treasurers.

State Hail Fund Has Been Successful. It was inaugurated in 1917 and has passed through many critical times. The 1918 losses were prorated because of disastrous losses and too low a rate. The balance of these prorated losses were never paid. Neither the farmers or the State would agree to pay them. The law was amended to provide means of taking care of losses prorated in some years but all losses since 1918 have been paid in full and in recent years a very ample reserve fund has been built up. This has all been done at no cost to the State.

Legislative Suggestions. The State Hail Board is suggesting to the Governor and Legislature that the Hail Insurance Laws be amended to arrange for a return of something like one per cent (1%) of the premiums to the counties of their origin to reimburse them for the office work done in writing up the hail insurance. There is such a large volume of Hail Insurance in some counties that it requires the services of some extra help for a short time. The Board believes that the percentage recommended would about cover the extra expense incurred in any county. This amendment to the Hail Laws and possibly other small changes will be submitted directly to the Legislative members after they convene.

On the whole the State Hail Fund has carried a little less than 20% of the hail insurance in Montana on grain. However the operation of the Hail Fund has introduced a healthier condition in the hail insurance field. The contracts with farmers for their hail insurance have been liberalized and the quality of the adjustments has been improved.

From 1910 to 1920, many disastrous hail storms struck Montana grain fields. Hail insurance cost from 10 to 15 per cent over much of the grain areas. In addition to what seemed an undue burden for hail premiums many considered the terms of the policies and the adjusting methods unfair. The result of this was the start of the State Hail Insurance Fund in 1917. Since that time the rates have been sharply reduced in many parts of the state and the terms of the policies and methods of adjusting have been greatly improved. While the State Fund only carries a nominal amount of hail insurance per acre, the writing of this has been of great benefit in regulating the rates and terms of the hail insurance policies generally.

Cost of Operating the Hail Department. Our annual report covering 1959 operations shows it cost \$27,799 to operate the State Fund which was 4.9% of the premiums. The total operating expense for 1960 will be slightly higher but the operating expense ratio will be slightly lower (about 4.6%) because of the larger volume of business. There is no other known form of handling hail insurance which has anywhere near as low an operating cost. The actual operating costs for the Hail Department for 1960 together with much other pertinent information will be contained in the Annual Report to Montana Grain Growers which is issued at a later date. Copies of this will be mailed to the Governor and Legislators.

Hail Department Expense Is Much Less Than Budget Allowance. During recent years we have used from \$5,000 to \$6,000 less each year than was allowed in the budget. We have been experiencing lower loss ratio years so we don't spend the budget amount just because it was available. We are however asking a small increase in the Budget allowance despite the facts listed above. This is because the total volume shows signs of getting some larger. Besides this we may again strike some of the severe loss years like 1946, '47 and '48 when we had from 700 to 900 losses filed annually. It is possible that we might even get more than 900 losses in a year. If we do the increased amount we are asking will still not be enough to cover the total expense.

Distribution of the Hail Insurance Dollar. Since the Hail Insurance Law was revised in 1919 the money paid for hail insurance premiums to the State Hail Fund are accounted for as follows—

72% of the premiums were paid on losses.

3% has been paid back in refunds.

20% is being held in Reserve for future heavy loss years.

95% of the amount paid in premiums is available for payment of hail losses.

1960 Hail Losses. They were moderate totaling \$452,499. The average loss ratio was 5.5% against an all year average of 5.9%.

The most severe and widespread losses of the season were in August on the 3rd and 4th in Fergus, Judith Basin, Valley, Daniels, Richland, Roosevelt and Sheridan Counties. The heaviest July losses were on the 1st and 3rd, then again on the 11th and 12th. Scattered hail occurred in many counties but we were fortunate in receiving little or no losses in some counties with large concentrations of hail policies.

Investments and Earnings. The Reserve Fund of \$1,200,000 has been fully invested. Also we have invested \$200,000 of the current balance when it was evident that it would not be all needed.

The total income from the above listed investments will amount to over \$60,000, all of which was promptly put into the State Treasurers hands for the credit of the State Hail Fund. The adjusting of the hail insurance appraisers continued very satisfactory through 1960. There were less than half a dozen cases with any serious argument. All except one of these were settled early in the fall and it is believed the one remaining is settled.

Respectfully submitted for the State Board of Hail Insurance, by

E. K. Bowman

Chairman

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DETAIL STATEMENT—RISK, LEVY, LOSSES, LOSS RATIOS

County	1960 Risk	1960 Levy	1960 Losses	1960 Loss Ratio	42 Year Loss Ratio
Big Horn	\$ 484,722.10	\$ 46,682.42	\$ 791.52	%	8%
Blaine	72,372.00	5,173.96	6,207.61	9	5
Broadwater	23,102.00	1,408.83	561.60	2	4
Carter	13,815.00	1,395.90	670.74	5	10
Cascade	12,119.00	747.30			3
Chouteau	454,326.00	28,704.10	3,024.56	1	3
Daniels	365,932.00	25,598.69	61,368.87	17	5
Dawson	192,006.70	17,702.28	11,231.56	6	10
Fallon	134,844.50	13,603.81	24,617.84	18	9
Fergus	609,582.84	55,667.90	27,206.48	4	6
Gallatin	2,520.00	213.81			8
Garfield	27,100.00	2,447.30			6
Glacier	83,204.00	6,773.91	547.20	1	3
Golden Valley	51,276.00	5,157.85			9
Hill	714,714.90	45,668.52	7,092.26	1	3
Jefferson	17,592.00	1,024.33			1
Judith Basin	381,136.41	34,827.83	6,906.75	2	7
Liberty	1,144,438.06	74,064.45	27,240.40	2	3
McCone	579,637.00	57,905.63	6,361.76	1	7
Musselshell	11,612.00	1,234.85			12
Petroleum	8,940.00	715.20	1,818.72	20	6
Phillips	57,778.00	4,151.40	1,259.64	2	3
Pondera	104,094.00	6,398.04	579.62	1	5
Powder River	135,982.00	12,341.50	4,902.69	4	6
Prairie	109,733.00	10,719.82	732.20	1	10
Richland	455,304.84	45,863.40	86,549.17	19	7
Roosevelt	256,542.00	17,836.17	27,283.06	11	3
Rosebud	9,133.00	807.26	1,253.25	14	7
Sheridan	729,587.00	58,638.28	24,130.85	3	5
Stillwater	54,706.00	5,342.33			7
Teton	49,311.00	3,036.43	1,000.01	2	3
Toole	626,739.35	43,492.46	81,286.48	13	5
Treasure	13,212.00	1,416.62			13
Valley	96,306.96	7,833.68	33,318.89	35	6
Wheatland	27,960.00	2,816.83	4,476.40	16	9
Wibaux	23,834.00	2,198.71			7
Yellowstone	24,858.00	2,495.38	234.24	1	6
	\$8,160,073.66	\$652,107.18	\$452,654.37	5.5%	5.9%

42 YEAR SUMMARY

Total Risk Written	\$128,429,740.43
Premium Charge	\$ 10,710,196.47
Losses Paid	\$ 7,601,787.65
Policies Issued	75,496
Total Acres Insured	14,006,126.7
Average Acreage Per Policy	186
Loss Ratio	5.9%
Average Cost Per \$100 of Protection	\$ 83.39
Number of Losses Paid	15,832

ADMINISTRATION ACCOUNT FOR 1960

1. State office salaries, chairman's traveling traveling expense, Board Members fees and expense	\$12,498.59
2. General office expense (printing, stationery, supplies, postage, telephone, telegraph, equipment, bonds, PERS and Social Security)	\$ 4,456.06
3. Hail adjusters salaries and expense	\$15,250.08
4. Office rent	\$ 300.00
	\$32,504.73

HOW TO GET STATE HAIL INSURANCE

APPLY TO THE ASSESSOR OF THE COUNTY IN WHICH YOUR GRAIN IS GROWING

Any Owner of Mortgaged Land With Not More Than One Year of Delinquent Tax may secure hail insurance and have it charged to his land along with his other real estate taxes. His application containing a lien on his crop will be filed with the clerk and recorder.

Any Owner of Unmortgaged Land With Not More Than One Year of Delinquent Tax may secure hail insurance and have it charged to his land along with his other real estate taxes. The application (containing a hail lien) will not be filed with the clerk and recorder.

Any Tenant desiring hail insurance may secure it by filing an application with his county assessor. It will be approved on a personal assessment basis and his application containing a lien on the crop will be filed with the clerk and recorder. This lien will be a first lien on the crop except for one given for the purchase of seed used in planting and producing the insured grain.

Any Tenant who owes for delinquent hail insurance will not receive further hail insurance unless he pays cash for it or unless he pays the delinquent account.

No hail insurance may be charged to any land without the owner's consent. Also no hail insurance may be charged to any lands other than those on which the crops to be insured are growing.

Hail insurance liens are first liens on all insured crops except liens given for the purchase of seed used to plant the insured crops.

4% Discount Will Be Given Those Who Pay Cash For Their Hail Insurance. For example, if the regular premium figures \$100 and the applicant offers cash for the hail insurance, the county assessor will receive \$96 as full payment.

When To Insure. Experience shows that placing hail insurance on growing crops should not be done until they show a reasonable chance of producing a fair return. **No allowance will be made for hail damage on any grain until at least 75% of the plants are plainly stemming.** Damage early in the hail season is difficult to estimate and adjustment may be delayed until the extent of the damage may be better estimated. **No policies will be issued after August 15th.**

How Much Hail Insurance Per Acre. All non-irrigated grain may be insured for not more than \$12 except barley which is limited to \$10. Irrigated grain is limited to not more than \$24 except barley which is limited to \$20.

Hail Insurance on Special Crops. Not more than the amounts shown below may be carried per acre on the crops listed:

Irrigated beans, peas, potatoes, corn, mustard and alfalfa seed	\$24.00
Sugar Beets	\$50.00
Non-irrigated rape, safflower, mustard, beans peas, alfalfa seed and corn	\$12.00
Any hay crop, irrigated or non-irrigated	\$12.00

Hail Liability will continue in force on grain after it has been bound, shocked or windrowed until the insured has had a reasonable time to complete threshing or combining.

Hail Insurance for Shareholders. If all shareholders in any crop desire hail insurance, each is limited in his share per acre in proportion to the share each owns of the whole crop. If other shareholders do not desire hail insurance any shareholder may insure his share for the limit allowed per acre.

When Not To File Loss Claims. Each year a large number of loss claims are filed where little or no hail loss can be found. A careful examination may show a little damage by hessian fly or wheat stem maggot. Or maybe kinked heads or wheat stem sawfly. This damage was overlooked before the storm and was increased by the strong winds accompanying it. None of it is caused by hail. Examination of these fields costs your hail department a lot of unnecessary expense which can be saved by a more careful examination of the fields by the insured.

ADJUSTMENTS OF HAIL LOSSES will be made by adjusters who have had lots of experience in farming and the adjusting of hail losses. Their experience enables them to estimate the loss accurately. They are instructed to give every claim careful consideration and they will fully cooperate with the grain growers in adjusting all losses.

State Hail Insurance liability expires after September 15 on grain and other crops, except sugar beets which expires after September 30.

25% REFUND ON 1960 PREMIUMS. The losses were a little below the all year average which enabled the Board to approve a 25% refund for all growers who paid their premiums. The payments started in February and will be completed by the middle of March. The total assets of the Hail Fund will remain at close to \$2,000,000, or about the same as they were at the start of the 1960 hail season.

Reduced Rates In Case of Crop Failure. If any insured crop is badly damaged or destroyed at any time during the growing season or before harvest time by other means than hail you may secure a reduction of up to 50% of the rate for the season by applying for such reduction to the State Board of Hail Insurance at Helena and by describing the damage.

When to File Claims for Hail Loss. When any insured crop is believed to be damaged at least 5%, the insured must mail a claim for such loss to the State Board of Hail Insurance at Helena, Montana, within 3 days.

